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NOTES AND MEMORANDA.

IN the opinion of M. René Stourm, the French finances illustrate the risk which a country runs from having too much money in the treasury. A true balance of income over expenditure it has been hard for France to maintain, even if extraordinary outlays were cut down; but, at the same time, the compulsory deposits in the treasury for account of local and judicial authorities, savings, annuity funds, and the like, have given a constantly increasing mass of balances, which runs from 1,000,000,000 to 1,700,000,000 francs. This ought to be invested for the beneficiaries, no doubt; but still it could be borrowed for the service of the treasury. And hence the increasing tendency, visible for some years past, to live upon the treasury, as M. Stourm phrases it, and not upon the budget. Hence, the growth of reckless expenditure, to be covered by the easy resource of disguised loans,—hence indifference to deficits, and, finally, the rolling up of permanent debt. In short, whether a legislative body speaks French or English, its virtue finds irresistible temptations in an overflowing cash-box, no matter to whom the cash may in strictness belong.

IT is announced that Macmillan & Co. will shortly publish a work by Mr. S. Dana Horton, entitled *The Silver Pound and England's Monetary Policy since the Restoration*. It is said that Mr. Horton will present in this publication a considerable body of evidence, including letters of Locke, Newton, and some of the founders of the Bank of England, of which a part is now printed for the first time, and a part, though printed, has lain in obscurity.

THE Central Bureau of Statistics of Norway has added a third volume to a series on the merchant marine of all but Asiatic countries. The director, A. N. Kiær, in this volume presents comparative and total results for the years 1880–1886. In 1886, as compared with 1879, steamships have increased

by 3,202,600 to 7,676,800 tons, and sailing vessels have diminished by 1,754,100 to 12,654,800 tons. The steamships in 1879 constituted 48 per cent., and in 1886 64½ per cent., of the merchant marine. The only increase in sailing vessels has been in the class of 1,000–2,000 tons, which was 4.4 per cent., and in the class of 2,000 tons and upward, which was 378.1 per cent. While the total number of men engaged has remained about the same as in 1879, the total tonnage has increased 24 per cent., showing the increased efficiency of human labor in the transportation service. Until 1860, the sailing vessels increased correspondingly with the total merchant marine, but from that period a change took place. With an annual average increase of 3.28 per cent. in 1840–49 and of 3.93 per cent. in 1850–59, the sailing tonnage showed a gain of only 1.10 per cent. in 1860–69, of 0.03 per cent. in 1870–79, and a loss of 1.92 per cent. in 1880–85; while steamships showed an average annual gain per cent. in 1840–49 of 8.37, in 1850–59 of 12.63, in 1860–69 of 8.44, in 1870–79 of 9.11, and in 1880–85 of 8.32. The inference from these figures for the western world is not far to seek, and is significant as to the decline of our own merchant marine.

The steady growth of the total tonnage of Norway (including steamships) after our tonnage began to decline is suggestive. Her sailing tonnage is no greater in 1886 than in 1865, but her steam tonnage has increased about 6½ times. Of her steamships, during 1880–85, 25,926 tons were constructed at home and 41,773 tons were bought abroad. Of her sailing vessels, in the same period, 102,087 tons were built at home, and 297,793 tons were bought abroad.

By a royal proclamation published May 19, the English government has provided for the coinage of a silver four-shilling piece, to be called the double florin. The new piece is to be of standard silver, $\frac{4}{5}$ fine, and is to weigh 349.09090 grains, the legal weight of the shilling being 87.27272+. The double florin will therefore be a strictly subsidiary coin, circulating as a token for something more than its bullion value, in conformity with the plan on which the English silver coinage has rested for the last seventy years.

This extension of the present system, at a time when the bimetallist party has been looking with some hope for the conversion of England, and when a Royal Commission is actually investigating the general question, is taken by advocates of legal tender silver as a most unfavorable sign of what is really to be expected. The importance of the measure is increased by the fact that a double florin would be the very coin by which to make the connection on a silver basis between the English, French, German, and American systems, from the close approximation in value between four shillings, five francs, four marks, and one dollar.

Mr. Ottomar Haupt writes to the *Economist* of May 28 that the decision of the English government "is of the greatest consequence":—

It does not only destroy all hopes in the ultimate rehabilitation of the white metal: it prejudices even the future creation of a four-shilling piece involving the character of a standard coin or possessing the attributes of an international money.

And he asks, with some indignation,—

How could such a crushing measure be taken while the Royal Commission was sitting, and there existed no necessity whatever to deal a regular dead blow to all the efforts made in view of rehabilitating the white metal in some way or other?

The incident justifies Bagehot's sagacious judgment that England would be little likely to meddle with the sovereign, merely because something had happened to the rupee.

In summing up the results of a series of articles on colonial expansion, the *Economist* of June 11 gives a careful estimate of the amount of British investments in English colonial securities. The aggregate is constantly swelling with the overflow of English capital, and is now set at £744,000,000 as against £620,000,000 at the close of 1883. The distribution of this enormous capital among the different classes of investments is computed as follows:—

Government loans,	£330,800,000	at say 4%
Railway, provincial, city, etc.,	173,800,000	" 5%
Banks, mortgages, etc.,	87,500,000	" 6%
Other investments,	145,900,000	" 4½%
Total,	£744,000,000	

The greater part of these investments are geographically distributed in this way:—

In Australasia,	£281,000,000
India,	272,000,000
Dominion of Canada,	135,000,000

The interest on these investments is not far from £35,000,000 annually, to be liquidated either by a balance of imports into England or by fresh borrowing on the part of the colonies. The theoretical connection of the facts with the often discussed problem of the English balance of trade need not be pointed out; but the magnitude of the figures throws some light on the immense proportions to which the normal demand of England upon other countries has finally risen, after her long career of commercial prosperity and accumulation.

THE project of law offered early in the year by M. Dauphin, late French Minister of Finance, for the remodelling of the *personnelle-mobilière* tax, deserves a place in the history of the fruitless attempts to establish an income tax, or its equivalent, in France. Inspired by the hope of striking a new source of revenue, without too much risk of unpopularity, M. Dauphin conceived the idea of changing the *personnelle-mobilière* from a tax levied by apportioning a principal sum among the departments and communes to a tax levied by applying a rate, and of then converting that part of the present tax which is a levy upon the rental of premises occupied by the tax-payer, into a systematic tax upon occupation rents as an index of presumed tax-paying ability.

The minister recognized the fact that rent would be an index extremely unequal in its operation. For the poor, rent would be in larger proportion to disposable income than for the rich, and a given rent in a city would have a different significance from the same amount paid in a small town. He therefore adopted an elaborate system of coefficients, the application of which should show the tax-paying income to be inferred as existing from the fact of a given rent paid under various conditions. On this tax-paying income, the tax might be assessed at the rate fixed from time to time by law. The table of coefficients, which is given with the *projet* in the

Bulletin de Statistique for March, divides the communes into nine grades, according to population, and classifies rents in seven classes, according to amounts. Four of the nine grades of communes, taking the two extremes, will show the operation of the scheme:—

Coefficient.	Paris. Rent.	Cities of 50,000 to 100,000. Rent.	Towns of 5,000 to 10,000. Rent.	Villages of 2,000 or less. Rent.
10	15,001+	11,001+	5,001+	3,001+
9	12-15,000	9-11,000	4.5-5,000	2-3,000
8	10-12,000	7-9,000	3.5-4,500	1-2,000
7	8-10,000	5-7,000	2-3,500	701-1,000
6	5-8,000	3-5,000	1-2,000	451-700
5	2-5,000	1.2-3,000	4.5-1,000	201-450
4	500-2,000	300-1,200	100-450	25-200
exempt.				

A rental of 3,600 francs, then, would be held to represent a taxable income

$$\begin{aligned} \text{in a village} & (3,600 \times 10) \text{ of } 36,000 \text{ francs;} \\ \text{“ “ town} & (3,600 \times 8) \text{ “ } 28,800 \text{ “} \\ \text{“ “ small city} & (3,600 \times 6) \text{ “ } 21,600 \text{ “} \\ \text{“ Paris} & (3,600 \times 5) \text{ “ } 18,000 \text{ “} \end{aligned}$$

On this presumed income, the law should fix the rate to be paid for every fiscal year, so that, in the words of the minister, "selon les besoins du moment, vous pourriez faire varier ce taux; car le nouvel impôt offrirait une élasticité dont les contributions directes actuelles sont privées."

After exciting a good deal of discussion by the press, M. Dauphin's proposition was unanimously rejected in committee on the 26th of March. The *personnelle-mobilière* is an ineffective and, in many ways, an unsatisfactory tax; but no doubt the legislators distrusted the "elasticity" promised as the result of reform, and dreaded the application of an "index" to taxation of any serious amount. It is highly improbable, however, that any French financier will be intrepid enough to propose an income tax in any more direct form, or requiring more inquisition into the affairs of individual citizens than is implied by M. Dauphin's plan.

RICARDO'S USE OF FACTS.

In the current criticism of the economists of the old school, frequent mention is naturally made of what is understood to be Ricardo's fondness for mere theorizing. In a general way, it is admitted that he was a man of affairs; but, as a writer upon economics, he seems to his critics, and no doubt to a large part of his readers, like a man writing in a cave, the course of his thoughts not being at all affected by the actual transactions of life. And yet he did himself suppose that facts had their part in determining his conclusions. He expresses the hope, in the preface of his principal work, that it will not be deemed presumptuous in him to state his opinions upon the questions therein treated, after having given his best consideration to the subject, after the aid derived from some eminent writers, "and after the valuable experience which a few late years, abounding in facts, have yielded to the present generation." Nevertheless, in the treatise which follows, facts are rarely cited in proof or otherwise; and even the illustrations are imagined cases put by the writer.

This characteristic of Ricardo's treatise is best explained by recalling the circumstances under which the book was written and published. It is now before the world as the author's formal exposition of his system; and, as an exposition, it confessedly leaves much to be desired. But it is to be remembered that it is at least doubtful whether the author originally wrote for publication. McCulloch's statement, probably made upon the best information, is express, that Ricardo hesitated to publish, and was unwilling thus to risk a high reputation. "Ultimately, however, he was prevailed upon, by the entreaties of his friends, to allow his work to be sent to the press."* That James Mill was one of these persuasive friends, we have upon the authority of John Stuart Mill, who speaks in his *Autobiography* of Ricardo's work as "a book which never would have been published or written but for the entreaty and strong encouragement of my father; for Ricardo, the most modest of men, though firmly convinced of the truth of his doctrines, deemed himself so little

* See also *Annual Biography*, 1824, p. 374.

capable of doing them justice in exposition and expression that he shrank from the idea of publicity."

It appears from these notices not unlikely that Ricardo's book was written, not for the public eye, but as a statement of opinions made for his own purposes, and that its publication was an afterthought of his friends. And this view of the case is confirmed by the structure of the book itself, which is a series of monographs scattered over the field of political economy, such as a thoughtful man might commit to writing when clarifying his own ideas on the subject, but is by no means a systematic exposition, even such as a writer of so little rhetorical pretension as Ricardo might be expected to produce. This appearance of being a fragmentary collection of essays is even more strongly marked in the original edition than in the later ones, to which the author was induced to make some important additions.

Writing, probably, with little reference to any large circle of readers, Ricardo contents himself in these irregularly connected chapters with a simple statement of the operation of causes. He may here and there refer to an historical case in which a cause discerned by him operated; but such reference is not necessary for his present purpose, and is made by exception, and not upon system. If he wishes to illustrate, he finds it easier to frame a case, as men will do in discussion nine times out of ten, by saying, "Suppose a commodity of 1,000*l.* value rises to 1200*l.*, or falls to 800*l.*," and so on. "My object," he says, "was to elucidate principles; and, to do this, I imagined strong cases, that I might show the operation of these principles."*

But, in his pamphlets, Ricardo was generally writing for a different purpose, and with distinct reference to the reading public. The occasion required a different method of treatment, and thus a certain side-light, as it were, is thrown upon his mental processes and his equipment for discussion. The range of subjects covered by his pamphlets is limited to the currency and to free trade in corn, these being the questions which pressed the hardest upon English economists in the fourteen years of his activity; but the method pursued is

* See Ricardo's letter in the *Edinburgh Review*, January, 1837, cited by Bonar.

significant. In his principal work, his discussion of money and the allied topics, and of all that bears on the effects of free corn, is of the same cast as his discussion of other subjects. We have the same severely logical statement of abstract principles and the same use of imagined cases for illustration, with nothing whatever to show any special study of facts or acquaintance with practical affairs. In the various pamphlets on the currency, however, and in that on protection to agriculture, which is the practical sequel of an earlier theoretical essay on the effects of a low price of corn, he shows that behind the abstract discussions of his book lay a great reserve of facts and observations, ready to be drawn upon whenever the task in hand seemed to require. The same thing is true of his many speeches in Parliament, as reported in Hansard from 1819 to 1823. The subjects of the speeches are chiefly connected with the currency, the national debt, taxation, and agricultural distress. But the discussion throughout rests upon the knowledge of a keen-sighted and experienced observer, skilled in the scientific interpretation of phenomena. So far is he in these speeches from neglecting fact for theory, that it would be easy to cite important cases in which he went beyond the opinion of the House, by sacrificing the close application of theory in deference to the unusual conditions then affecting important questions.

With regard, then, to questions which Ricardo had occasion to treat before an audience or for a considerable circle of readers, we find that he was thoroughly equipped, and that he made ample use of facts for illustration, verification, or the premises for argument, although, in his chief work, the same questions are treated with a singular exclusion of all reference to the actual world around him. It is fair to assume, then, that under like circumstances he would have treated other questions also in the same practical way; and that what appears in his treatise as a complete separation of theory and fact does not indicate the mental habit of the author or the limit of his resources, but is only the peculiar cast given to the treatise by the special circumstances of its composition.